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"Tax Relief: A Cruel Hoax"

By Congressman Allen Boyd

Recently, I have been criticized for my decision not to support overriding the President's veto of the estate tax bill, H.R. 8, that was proposed by the Congressional Leadership. This legislation would have phased down the top bracket of the estate tax from the current 55% to 41.5% on estates worth more than \$675,000 between 2000 and 2009. Then in 2010 the tax would drop to zero.

I had a number of problems with this legislation when it was first developed earlier this year and I expressed my concerns to the Republican leadership with the sincere hope that they would be addressed before the bill was sent to the President. Unfortunately, these concerns were not addressed. In fact, as I was walking to the Capitol to vote on this proposal, I ran into a lobbyist for a prominent business organization. I asked him why we didn't sit down and work out an agreement on estate tax relief. He told me they would rather have it as an issue to use in the November elections than a bill that would become law.

I had two major concerns regarding H.R. 8. First, I was concerned about the extremely slow phase in of the estate tax relief provided by the bill. Most of the groups supporting H.R. 8 fail to mention that the promise of eliminating the estate tax will not be achieved until January 1, 2010. Second, I was concerned about the long term budget implications of this proposal. Most people I know would think phasing something down from 41.5 % to zero in one year was pretty steep when it took ten years to get from 55% to 41.5%. However, this "phase down" makes perfect sense in Washington. You see, according to the budget rules currently in place, only the ten year price tag of the bill is counted when determining how much it will cost to implement a tax cut. The cost of H.R. 8 over the first ten years is \$105 billion. Over the next ten years, once the estate tax is fully repealed, it

would cost \$750 billion.

As a small business owner, I know what a devastating impact the estate tax can have on family owned businesses and farms. The number of family farms in North Florida has declined significantly in the last three decades. This is due, in part, to the burden the estate tax places on heirs who are forced to sell off their farm in order to pay the tax. This is why I supported estate tax legislation designed to provide *immediate tax relief*. The proposal I supported tripled the current exemption for family owned business estates, immediately raised the exemption for all other estates from \$675,000 to \$1.1 million and then in 2006 increases it to \$1.2 million. You might have noticed that I used the phrase immediate tax relief. This is why I supported this version of the estate tax bill. It provided

real

and

immediate

relief for people in the 2nd Congressional District. It didn't rely on gimmicks and ten year phase in periods, and it was fiscally honest because it did not threaten what I think should be our number one priority, which is to pay down our \$5.6 trillion federal debt.

Despite this setback, I am hopeful that as Congress prepares to adjourn for the year, instead of continued name calling and partisan bickering, the Congressional leadership and the President will sit down and develop legislation we can all agree upon. While the proposal I supported may not be the final vehicle, I hope the compromise will accomplish three things: Keep family owned businesses where they belong, with the family; provide immediate across the board estate tax relief in a way that will not endanger the balanced budget; and allow us to continue to pay down our \$5.6 trillion national debt.